10th Annual Report

BETHLEHEM COPPER CORPORATION LTD.

NON-PERSONAL LIABILITY

TENTH ANNUAL REPORT FOR THE YEAR ENDED FEBRUARY 28, 1965

EXCHANGE LISTINGS

Shares of this Company are listed on the Vancouver, Toronto and Canadian Stock Exchanges.

DIRECTORS

Richard F. Dooley
Chicago

Donald F. Farris
Vancouver

Kenichiro Hiraki
Osaka

Herman H. Huestis
Vancouver

Kenjiro Kawakami
Tokyo

Hugh A. Martin
Vancouver

John Addison McLallen
Vancouver

Shigeru Morinaga
Vancouver

Patrick M. Reynolds
Vancouver

OFFICERS

John Addison McLallen
Chairman of the Board

Herman H. Huestis
President

Richard F. Dooley
Vice-President

Shigeru Morinaga
Vice-President

Patrick M. Reynolds, C.A.
Secretary-Treasurer

REGISTRAR

Guaranty Trust Company of Canada,
Vancouver

TRANSFER AGENTS

Guaranty Trust Company of Canada,
Vancouver and Toronto, Canada

Registrar and Transfer Company,
Jersey City, New Jersey, U.S.A.

AUDITORS

McIntosh, McVicar, Dinsley & Co.
Vancouver

SOLICITORS

Lawrence, Shaw, Stewart & McLoughlin
Vancouver

OFFICES

Head Office:
1821 - 355 Burrard Street, Vancouver 1, B.C.

Mine Office:
P.O. Box 520, Ashcroft, B.C.

COVER PHOTO:

Aerial view of Bethlehem Copper Corporation's mine and mill site at Ashcroft.

Bethlehem Copper Corporation Ltd. (NON-PERSONAL LIABILITY)

10TH ANNUAL REPORT

Annual Meeting

The Annual General Meeting of Bethlehem Copper Corporation Ltd. (Non-Personal Liability) will be held on Friday, June 18th, 1965 at 10:00 a.m. in the Regal Ballroom of the Hotel Georgia, 801 West Georgia Street, Vancouver, B.C.

Directors' Report to the Shareholders

Your Directors take pleasure in submitting the Tenth Annual Report of your company including financial statements for the fiscal year ended February 28th, 1965, the auditors' report thereon and a report by our Mine Manager on the operation of our mine and mill in Highland Valley.

HIGHLAND VALLEY

(202 mineral claims of which 56 are Crown-granted)

The year 1964/65, the second full year of mining in Highland Valley, resulted in an operating profit of $3,658,700 which was approximately $340,000 more than in the previous year. Mining in the East Jersey zone was concluded in February and ore has since come from the Jersey open pit. During the year plant capacity was increased to 6,000 tons per day and it is expected that the increased volume will offset the lower grade of ore to be mined from the Jersey zone.

In 1961 and 1962 first mortgage bonds were issued to the Sumitomo Companies of Japan as security for a loan of $5,000,000 U.S. The proceeds were used in the construction of our initial plant and by December 1964, $4,400,000 of the loan was paid. In accordance with the provisions of the 1961 agreement with Sumitomo the balance of $600,000 was paid by the issue of 400,000 shares of Bethlehem stock at $1.50 per share. The only term debt outstanding at the end of the 1964/65 fiscal year was a balance of $950,000 which had been borrowed from the Bank of Montreal during the year for plant expansion purposes and is repayable in equal monthly instalments by February 28th, 1966.

Arrangements have been made for a new bond issue to provide $3,700,000 for a further expansion of plant capacity to 10,000 tons per day. Construction is scheduled for completion by March 1st, 1966. It is calculated that the increased plant capacity will pay for itself within two years thereafter.

EARNINGS AND DIVIDENDS

The operating profit for the fiscal years 1963/64 and 1964/65 is shown in comparative form on the financial statements included in this report, being $3,318,900 and $3,658,700 respectively. After provision for depreciation and interest on funded debt, the net earnings were $2,822,500 and $3,210,700, being an increase from 54.3c per share to 61.7c per share based on the number of shares outstanding at February 28th, 1965.

Included in revenue from concentrates produced as shown in the financial statements is the revenue from gold, silver and molybdenum, amounting to $119,803, $172,589 and $79,170 respectively. Due to various mechanical problems the revenue from molydenum has not reached the estimates forecast a year ago.

The first dividend of 10c per share was paid on March 23rd, 1965 to all shareholders of record at March 1st, 1965.

ORE RESERVES

On February 17th, 1965 we were forced to discontinue mining the East Jersey zone because of a severe rock slide in the south east corner of the pit. Broken ore containing 2,400,000 lbs. of copper had to be temporarily abandoned. In addition, there remain over 1,000,000 tons of known ore, grading 0.87% copper, in the south end of the East Jersey pit which will be mined in the future. There is also ore below the pit floor but diamond drilling will have to be done to determine its extent.

The move from the East Jersey zone to the Jersey was accomplished with a minimum of disruption and even though the Jersey pit was not quite ready, mining has continued at a profit. The presently designed pit contains sufficient ore to maintain a 10,000 ton per day plant for a period of ten years.

It is expected that other ore bodies will be developed on our property long before the Jersey pit is mined out. A systematic exploration program is in progress and will extend over the next several years.

VISITORS

Our mine and mill in Highland Valley has attracted visitors from many countries of the world and numerous shareholders have come to British Columbia for their vacation to visit Highland Valley. During the months of June,

July and August 1964, 870 people signed our guest book and approximately 300 others also toured the mine.

SUMITOMO CONTRACT

In order to reply to the many shareholders who have inquired as to the status of the Sumitomo concentrate purchase contract now that our debt to Sumitomo has been paid, we advise that the contract extends to February 28th, 1973. Up until that time Sumitomo must purchase and Bethlehem must sell to Sumitomo all the concentrates produced from its Highland Valley property. The price received is based on the U.S. export refinery price as quoted in the Engineering and Mining Journal published weekly in New York, less one-half the excess over 33½c U.S. per Lb. Cu. until February 28th, 1967.

TAX FREE PERIOD

The three year taxation free period will end on November 30th, 1965. Thereafter, there is available for write-off in excess of $4,000,000 exploration, development and preproduction expense. As a result, very little income tax will be payable before March 1st, 1967.

OUTSIDE EXPLORATION

Your Directors have decided that Bethlehem is ready to participate in a limited program of outside exploration. With this in mind, two projects have been planned:

1. Mariner Mines Limited, Nova Scotia

The mineral claims owned by Mariner Mines Limited comprise an area two miles square approximately 12 miles from Sydney, Cape Breton Island, Nova Scotia. The rock contains disseminated copper and molybdenite mineralization uncovered by bulldozer trenching with sufficiently interesting values to warrant a detailed exploration program. The initial exploration will consist of 20,000 feet of diamond drilling, an induced polarization survey, bulldozer trenching and detailed prospecting.

Financing of a $1,000,000 exploration program over a period of three years is planned as follows:

(i) 1965 — Bethlehem, on behalf of itself and a partner, has provided $150,000 through the purchase of shares of Mariner at $1.00 per share. Mariner is providing a similar amount for a total of $300,000.

(ii) 1966 — $300,000 is to be provided in the same manner as in 1965.

(iii) 1967 — Bethlehem and its partner may provide $400,000 by the purchase of shares of Mariner at $1.00 per share.

The exploration will be closely supervised by Bethlehem's personnel who will visit Nova Scotia regularly to confer with Mariner's engineers. Your Directors believe that Mariner has a good chance of developing a mine of importance equal to our mine in Highland Valley. Major financing for production will involve the purchase of an additional 800,000 shares at $1.50 each.

2. Fort Reliance Minerals Limited, British Columbia

Fort Reliance Minerals is the owner of 97 mineral claims south of the old Coquihalla railway station between Hope and Merritt, B.C. The claims cover a mineral zone lying within a body of porphyry type rock three miles long by 1,000 feet wide. Copper and molybdenite mineralization is fairly wide spread. An exploration program involving an induced polarization survey, bulldozer trenching to be followed by diamond drilling is planned.

Bethlehem is obligated to spend $35,000 in 1965. If the program is successful Bethlehem and Fort Reliance will form a company in which Bethlehem will have the right to participate to the extent of 60% of the issued shares.

OTHER PROPERTIES BEING HELD FOR FUTURE EXPLORATION

(in British Columbia)

1. Atlin Area, Laverdiere Group
   25 mineral claims of which three are Crown-granted.
2. Mamit Lake Area (adjoining property of Chataway Mines)
   23 mineral claims of which eight are Crown-granted.

GENERAL REMARKS

World consumption of copper increased by 60% in the decade 1950-1960. The increase in demand is a result of two basic factors:

1. Rapidly multiplying world population.
2. Increase in per capita consumption throughout the world as living standards increase.

It is expected that the world population will increase by 47% in the two decades 1960-1980. Consumption of metal during that period will increase more rapidly than the rate of population growth. As a result, there appears to be no doubt that the present price of copper of between 33c and 34c U.S. per lb. will hold for a long time to come.

ACKNOWLEDGMENT

The Board of Directors acknowledges and expresses its appreciation for the continuing efforts of the company's employees who have been in large measure responsible for the company's success.

Respectfully submitted on behalf of the Board of Directors.

H. H. HUESTIS,
President

May 10th, 1965

Close up aerial view of the Bethlehem plant

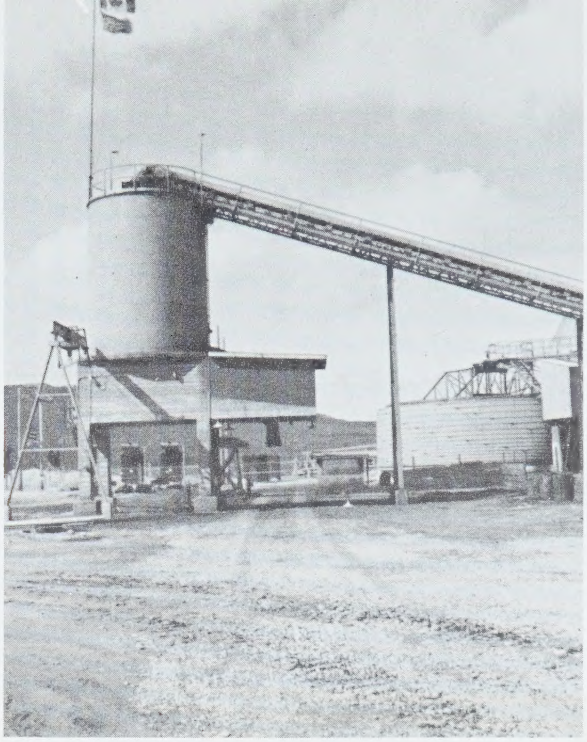
Report of the Mine Manager

For the fiscal year March 1st, 1964
to February 28th, 1965

The Chairman and Directors
Bethlehem Copper Corporation Ltd. (N.P.L.)
Suite 1821 — 355 Burrard Street
Vancouver 1, B.C. May 10th, 1965

Gentlemen:

The operating profit at your mine in Highland Valley during the fiscal year ended February 28th, 1965 showed an increase of $340,000 over the previous fiscal year. Comparative operating statistics are shown in the following table:



Concentrate Bin

	1964/65	1963/64
Dry Tons Milled	1,444,696	1,265,987
Calendar Days	365	366
Average Tons Milled Per Day	3,958	3,459
Average Heads — % Copper	0.892	1.058
Recovery — %	92.08	93.62
Concentrate — % Copper	41.25	42.30
Pounds of Copper Produced	23,730,516	25,023,892
Market Value of Production	$ 8,637,450	$ 8,006,898
Production Costs (including smelter charges)	$ 4,978,736	$ 4,687,999
Operating Profit	$ 3,658,714	$ 3,318,899
Selling Price Copper (U.S. Export)	31.81c	28.45c
Gross Revenue Per Pound Copper (Can.)	36.40c	31.97c
Production Cost Per Pound Copper (Can.)	20.98c	18.74c
Operating Profit Per Pound Copper (Can.)	15.42c	13.26c

PLANT EXPANSION

(1) TO 6,000 TONS PER DAY:

In January of 1964 the Directors authorized the expansion of the plant capacity from 3900 tons to 6000 tons per day at an estimated cost of $1,400,000. Design and engineering was done by Wright Engineers Limited and construction by Klassen Construction Ltd., both of Vancouver. The work was completed by the end of the year and the cost exceeded the estimate by approximately $95,000. A brief summary of the main items of construction were:

A 7 ft. short head tertiary cone crusher was placed in operation in July and this resulted in a finer and more satisfactory product entering the mill. Associated with this were four new conveyors, a transfer tower and an 8 ft. by 16 ft. screen.

The fine ore storage bin was extended an additional three bays and a shuttle conveyor installed to carry the product to the new area. The bin was entirely closed in, thus preventing a severe dust condition which had been a problem up to this time. The tunnel under the fine ore bin was extended, three new feeders placed and a conveyor installed to carry feed to the new mill.

An 11-ft. x 14-ft. rod mill with a 900 H.P. motor were installed in the grinding section of the concentrator. Where previously two of these mills had been fed by one rod mill, each ball mill is now being fed by a rod mill.

The flotation circuit was augmented by the installation of a 90 ft. air cell for rougher flotation and four mechanical cleaning cells were added.

An open air warehouse was built to provide increased storage and an extension was built on the machine shop.

A pug mill and slaking system for lime was installed in October. Milk-of-lime was then circulated to the various parts of the process by pipe lines.

Numerous other alterations were made, all of which together have increased our plant to the planned 6000 tons per day.

(2) TO 10,000 TONS PER DAY:

In January 1965 I presented calculations to the Directors showing the economics of operating our plant at 6000 tons per day and at an increased tonnage of 10,000 tons. The study showed that the increased tonnage is justified and the Directors authorized an expenditure of $3,700,000 for this purpose. The completion of construction is scheduled for March 1st, 1966. Wright Engineers Limited was engaged to do the design work and engineering and Klassen Construction Ltd. was hired for building construction and installation of the new equipment.

MINING

(1) EAST JERSEY PIT:

Nearly all the ore treated during the year came from the East Jersey pit. Some sloughing occurred on the east wall in September and the haul road was changed on the 4720-ft. bench to follow along the west wall instead. Another slough of approximately 150,000 tons occurred in October. This waste material had to be removed before mining of ore was continued. Then, on February 17th, a more serious slide occurred which completely covered the haul road and eventually covered about half the bottom level of the pit. As a result, mining of the East Jersey zone was discontinued and the equipment was moved to the Jersey zone.

Total material mined was as follows:

	Tons	Grade — Cu.
Ore	1,122,551	0.98%
Marginal Ore	246,686	0.47%
Waste	2,662,006	
Total	4,031,243	

Stripping ratio waste/ore was 0.50/1 before the slides occurred. It rose to 2.59/1 due to the September and October slides.

(2) JERSEY PIT:

At the Directors Meeting in January 1964 an expenditure of $600,000 was authorized for stripping and pre-mining of the Jersey pit. Approximately 1,532,792 cubic yards of overburden were stripped and 684,487 tons of waste rock and 128,816 tons of ore were blasted and removed. A further $200,000 was authorized to increase the waste removal before ore production was started.

Since the February 17th slide in the East Jersey pit production has come from the Jersey zone.

The total material mined, exclusive of overburden, was:

	Tons	Grade — Cu.
Ore	158,322	0.71%
Marginal Ore	35,647	0.43%
Waste	954,856	
Total	1,148,825	

Floods Mining & Aggregate Co. Ltd., of Hope, B.C., continue as mining contractors. Additional equipment added during the year was an 8 cu. yd. Bucyrus-Erie electric shovel and four 35 ton Haulpak trucks.

PROVEN ORE RESERVES

	Tons	Grade	Cut-Off Gr.	W/O Ratio
(a) East Jersey Pit				
1. Present Pit	124,891	1.10%	0.40%	*
2. South Extension	1,176,600	0.87%	0.40%	2.69/1
(b) Jersey Pit	38,120,000	0.66%	0.40%	0.94/1

*This ratio was 0.5/1 before the slide occurred. Based on an estimated quantity of 500,000 tons of slide material the ratio will probably be about 4.5/1.

POSSIBLE ORE

- **(a) East Jersey and Jersey Zones** — both have definite indications of ore below the presently planned pits.
- **(b) Huestis Zone** — drilling to date has outlined a mineralized area approximately 1500 feet long by 1000 feet wide. Further diamond drilling will be done in 1965 to determine the mineral continuity in both the horizontal and vertical planes.
- **(c) Iona Zone** — A diamond drilling exploration program is planned for this area in 1965.
- **(d) White Zone, Spud Lake Zone, Snow Storm Zone and Simons Zone** — All are zones favourable for future exploration.

CONCENTRATING

Plant modifications and operating efficiency in the concentrator combined to increase the average daily throughput to approximately 3900 tons per day. Throughout the year scheduled shutdowns occurred for changes in the mill and installation of equipment needed to increase the capacity to 6000 tons per day.

MOLYBDENUM

Last year I reported that a circuit was being installed for the extraction of molybdenum from the copper concentrates. Total cost of this circuit was approximately $100,000. Due to mechanical difficulties, metallurgical problems and the almost complete absence of molybdenum in the bottom benches of the East Jersey pit, the molybdenum production fell substantially below that which was forecast.

PERSONNEL — UNION

The three year contract with our employees was due to expire on December 31st, 1965. However, the company recognized some inequities and the contract was replaced effective July 1st, 1964 with a new one which will terminate on December 31st, 1967. I am pleased to report that relations beween the company and its employees remain most satisfactory and no labour problems are anticipated.

The average number of people employed by the company was 89 while the pit contractor employed an average of 100. Both crews were above normal operating levels due to the expansion program.

Some shortage of experienced mechanics was felt and it is expected this shortage will be more pronounced in the next few years.

MARCH AND APRIL 1965

At the time of the February slide in the East Jersey pit several faces of ore had been opened in the Jersey pit but the pit was not ready for full scale production. We had planned to mix the high grade ore from the bottom of the East Jersey pit with the oxidized material at the top of the Jersey pit, but were forced to commence mining the Jersey pit before it was ready and didn't have the higher grade material available for mixing. The ore was wet from spring run-off. It required different reagent patterns and operating techniques than those employed on East Jersey ore. The combination of these and other factors affected recovery, concentrate grade and tonnage throughput. As a result, the operating profit for the first six months of the 1965/66 fiscal year will probably be only about 70% of the forecast supplied to the Directors a few months ago.

ACKNOWLEDGMENT

My thanks to all employees for their enthusiastic support and unflagging efforts in continuing to maintain efficient operation of the plant while undergoing innumerable interruptions caused by the expansion program.

Respectfully submitted,

D. W. PRINGLE, P. Eng.,
Mine Manager.

BETHLEHEM COPPER CORPORATION LTD.

(NON-PERSONAL LIABILITY)

ASSETS

		1965		1964
CURRENT ASSETS				
Cash, including short term deposits		$ 860,697		$ 398,525
Accounts receivable and accrued interest		252,983		135,360
Concentrate inventories (for which a sales contract has been made) — at estimated net realizable value		246,445		730,030
Broken ore inventories — at cost to stockpile less future handling expense		195,814		—
Mine materials and supplies — at average cost		337,623		126,056
TOTAL CURRENT ASSETS			$ 1,893,562	1,389,971
NON-CURRENT ASSETS				
Investment in wholly-owned subsidiary company (Note 1)		600		500
Sundry debentures		8,500		9,000
Agreements receivable — employees		80,208		76,598
Town lots held for resale — at cost		8,000		12,800
Funds held in trust		—		9,714
Investment in shares of other companies — at cost (Note 2)		75,000		—
			172,308	108,612
CAPITAL ASSETS — at cost				
Buildings, equipment and roads	$6,255,466			4,742,299
Less accumulated depreciation (Note 3)	565,286			256,216
		5,690,180		4,486,083
Mineral claims		139,518		119,518
Land		26,585		26,585
			5,856,283	4,632,186
PREPAID AND DEFERRED COSTS				
Exploration, development and preproduction expense (Note 3)		4,385,356		3,477,944
Prepaid expense		62,137		88,523
Incorporation and organization expense		3,449		3,449
			4,450,942	3,569,916
			$12,373,095	$9,700,685

APPROVED ON BEHALF OF THE BOARD:

J. A. McLALLEN, Director

H.H. HUESTIS, Director

See accompanying notes to financial statements

Balance Sheet as at February 28th, 1965

EXHIBIT A

(WITH COMPARATIVE FIGURES AS AT FEBRUARY 29, 1964)

LIABILITIES, CAPITAL AND SURPLUS		1965		1964
CURRENT LIABILITIES				
Accounts payable and accrued liabilities		$ 717,884		$ 530,656
First mortgage bonds payable — current portion		—		164,296
Dividends payable March 23, 1965		520,100		—
Bank loan — secured (repayable in monthly instalments by February 28, 1966)		950,000		—
TOTAL CURRENT LIABILITIES			$ 2,187,984	694,952
NON-CURRENT LIABILITIES				
First mortgage 6% bonds repayable in U.S. funds				
Authorized	$7,000,000			
Outstanding (Note 4)			Nil	2,916,050
First mortgage 6% bonds (new issue)				
Authorized	$2,000,000			
Issued as collateral security for the bank loan (Note 5)	$1,700,000			
Agreement payable — 6%			Nil	75,000
				2,991,050
CAPITAL AND SURPLUS				
Capital (Note 6)				
Authorized: 6,000,000 common shares of 50c each par value				
Issued and fully paid: 5,201,000 shares (1964 — 4,270,500 shares)		2,600,500		2,135,250
Surplus				
Contributed surplus — Net premium on sale of shares (Note 6)		1,658,125		643,562
Earned surplus				
Balance beginning of year	$3,235,871			413,307
Net earnings for the year (Exhibit B)	3,210,715			2,822,564
	6,446,586			3,235,871
Deduct dividends declared	520,100			—
		5,926,486		3,235,871
			10,185,111	
			$12,373,095	$9,700,685

COMMITMENTS AND CONTINGENT LIABILITIES (Note 9)

Statement of Earnings

EXHIBIT B

FOR THE YEAR ENDED FEBRUARY 28, 1965

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED FEBRUARY 29, 1964)

		1965	1964
REVENUE FROM CONCENTRATES PRODUCED (Less charges)		$7,710,716	$7,081,181
Less marketing costs		338,564	318,430
		7,372,152	6,762,751
EXPENDITURES			
Cost of concentrate production	$3,550,398		3,298,949
Administrative costs (Note 7)	163,040		144,903
		3,713,438	3,443,852
OPERATING PROFIT		3,658,714	3,318,899
DEDUCT			
Provision for depreciation (Note 3)	312,773		237,115
Interest on funded debt	135,226		259,220
		447,999	496,335
NET EARNINGS (Note 8)		$3,210,715	$2,822,564

See accompanying notes to financial statements

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Bethlehem Copper Corporation Ltd. (Non-Personal Liability) as at February 28, 1965, and the statement of earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statement of earnings supplemented by the accompanying notes are properly drawn up in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, so as to exhibit a true and correct view of the state of the company's affairs as at February 28, 1965, and results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

Vancouver, Canada.
April 28, 1965.

McINTOSH, McVICAR, DINSLEY & CO.
Chartered Accountants

Notes to Financial Statements

EXHIBIT C

FOR THE YEAR ENDED FEBRUARY 28, 1965

1.

The investment in wholly-owned subsidiary company, Highland Valley Smelting & Refining Co. Ltd., comprises $500 for the cost of the shares and $100 for advances. The company has not operated since its incorporation.

2.

The market value of the investment in shares of other companies as at February 28, 1965 amounted to $120,000. However, seventy per cent of these shares are held in trust pending the company exercising certain future options. If these options are not exercised, the vendors, through nominees, can re-acquire the shares held in trust at a price equal to the company's cost of $52,500.

3.

Depreciation has been provided at the rate of 5% of the cost of depreciable assets. The amortization of exploration, development and preproduction expense has been deferred until after the expiration of the three year tax free period.

4.

During the year, the balance of the 6% first mortgage bonds outstanding at February 29, 1964 were redeemed and the first mortgage was released and discharged. Pursuant to the Bethlehem-Sumitomo agreement dated February 28, 1961 the redemption was effected in part by the conversion of $600,000 (U.S.) of the outstanding amount into shares of the company at $1.50 per share.

5.

The Expansion Agreement covering the new first mortgage 6% bonds provides that, while any part of the principal amount of the bonds is outstanding, the maximum amount of dividend that can be paid in any three-month period is $521,650 unless prior written consent is obtained from the bondholders.

6.

The following options to purchase shares of the company were outstanding as at February 28, 1965.

5,500 shares @ $1.75 per share up to February 28, 1966
10,000 shares @ $1.00 per share up to December 31, 1967
50,000 shares @ $5.50 per share up to December 31, 1969
25,000 shares @ $6.75 per share up to December 31, 1970

Options (including those described in Note 4) for 930,500 shares were exercised during the year for total cash consideration of $1,479,813. Fifty cents per share, representing the par value thereof, was credited to issued capital and the balance of $1,014,563 was credited to contributed surplus as premium on shares issued.

7.

Included in expense for the current year is an amount of $30,000 for directors' fees.

8.

Under the provisions of the Canadian Income Tax Act the company is exempt from corporation income tax on profits earned until November 30, 1965.

9.

Commitments and Contingent Liabilities

In connection with the plan to expand the mill to a capacity of 10,000 tons per day, the company had made certain commitments as at February 28, 1965, which commitments are estimated not to exceed $450,000.

Statement of Source and Application of Funds

FOR THE YEAR ENDED FEBRUARY 28, 1965

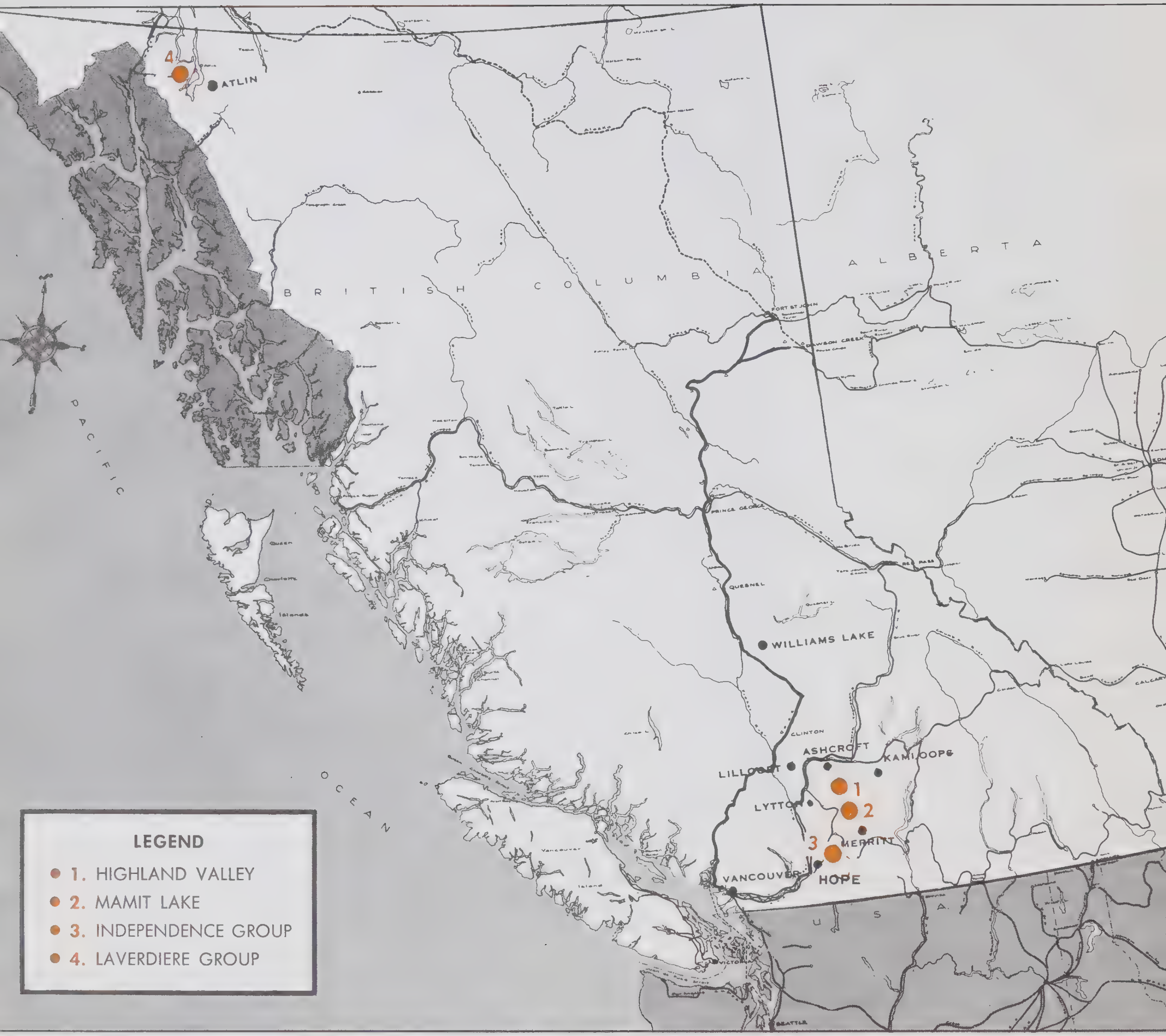
APPLICATION OF FUNDS			
Exploration, development and preproduction expense			$ 907,412
Dividend payable March 23, 1965			520,100
Investment in shares of other companies			75,000
Capital assets acquired		$1,540,169	
Less trade-in allowances received		3,299	1,536,870
Advance to wholly-owned subsidiary			100
Increase in agreements receivable — employees			3,610
Repayment of first mortgage bonds ($2,728,852 U.S.)			2,916,050
Repayment of 6% agreement			75,000
			6,034,142
SOURCE OF FUNDS			
Operations			
Net earnings (Exhibit B)	$3,210,715		
Add expenses not requiring an outlay of funds			
— Depreciation	312,773		
— Expenses previously recorded as prepaid	26,386	3,549,874	
Proceeds from debentures redeemed		500	
Proceeds from the sale of capital stock			
Par value	465,250		
Premium	1,014,563	1,479,813	
Sale of town lots		4,800	
Amounts previously held in trust refunded to company		9,714	5,044,701
DECREASE IN WORKING CAPITAL			$ 989,441

Fine ore storage bin

New Bunkhouses

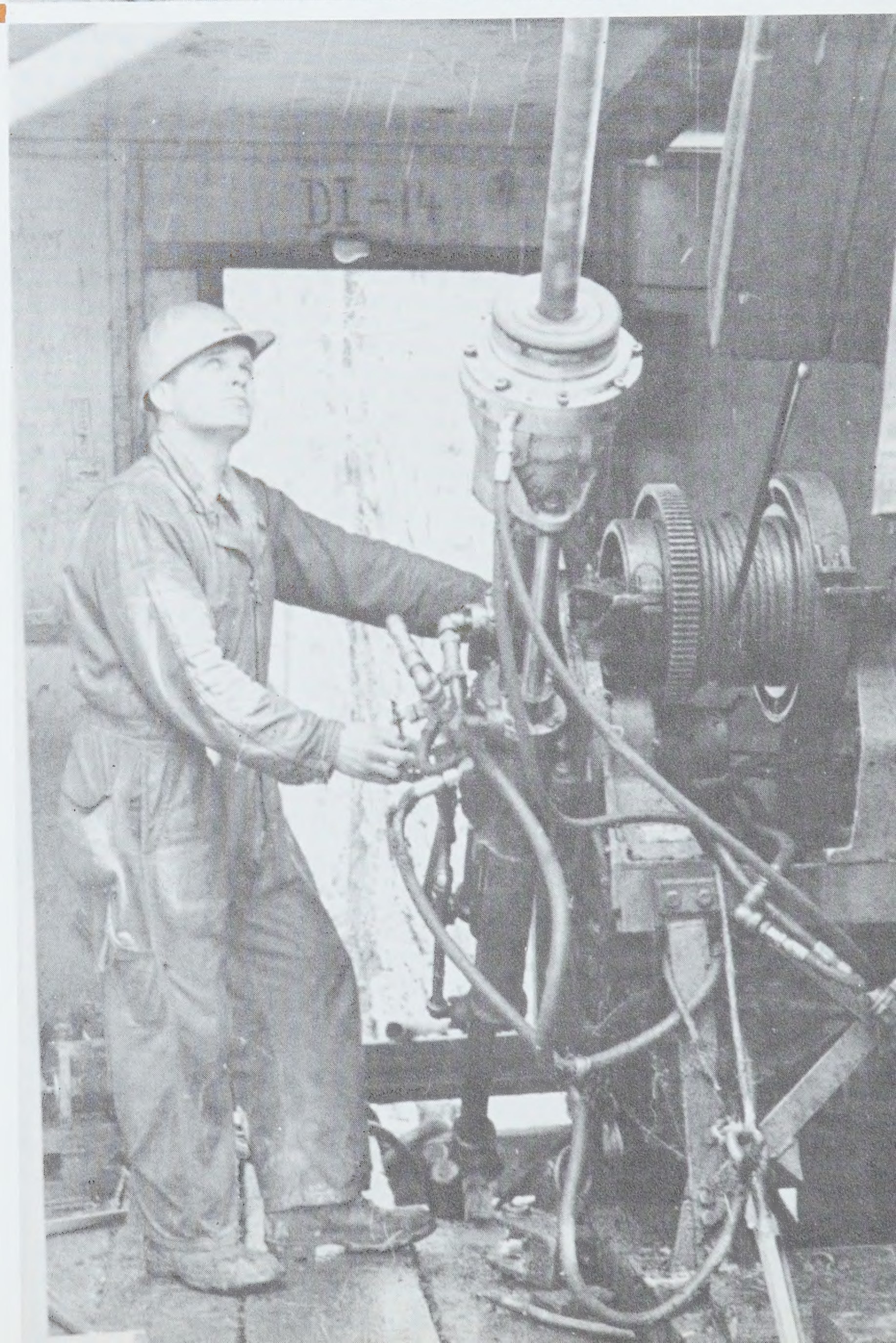
Tailings Pond and Dam

Location map



BETHLEHEM COPPER CORPORATION LTD.

East Jersey Pit showing slide area



Diamond Drilling Huestis Zone

1. EAST JERSEY PIT
2. JERSEY ZONE
3. PIT CONCENTRATOR'S SHOP
4. WATER STORAGE
5. CRUSHER AND CONCENTRATOR

BETHLEHEM COPPER CORPORATION LTD.


TAILINGS AREA
WASTE DISPOSAL AREA
COPPER LAKE
MARGINAL ORE
CONCENTRATOR
ROAD TO ASHCROFT
JERSEY PIT
EAST JERSEY PIT
HUESTIS ZONE
CAMP LAKE
SNOWSTORM MINE ZONE
ZONE
WHITE ZONE
SPUD LAKE ZONE
LITTLE DIVIDE LAKE
LAKE